

The AGRICULTURAL OUTLOOK DIGEST

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Record consumer income is holding demand for food and other products at high levels.

Consumer expenditures reached a new peak in the second quarter of this year. Spending for durable and non-durable goods increased slightly. Expenditures for services continued the upward trend. Retail sales in June were at the highest point of the year, but were down slightly in July.

Consumers are continuing to spend about one-fourth of their income for food.

General economic activity eased seasonally in July and early August. Many plants were shut down for vacations. Auto production was off sharply as manufacturers sought to cut inventories before new models come out. Steel production was at the lowest rate of the year. On the other hand, construction activity hit a new peak for the month.

Drought has erased earlier prospects for record farm production this year. Prospective crop output declined about 5% during July. The corn crop was hit hard, dropping about half a billion bushels to 2.8 billion. Spring wheat, hay, soybeans and a few other crops also suffered. The condition of pastures is lowest in 18 years. On the other hand, yields of barley, rice, dry beans and peas, tobacco, sugar beets and some other crops improved. The cotton crop suffered little damage.

Livestock production this year probably will be up 4% from 1953. Because of the decline in crop output, however, total farm production is expected to be down about 2%.

Rain in late July and early August eased the situation in many parts of the country. It will be particularly beneficial for planting and growth of emergency feed crops.

LIVESTOCK: Prices of fed cattle are expected to continue close to present levels the next few months. Grass cattle prices probably will show about the usual seasonal decline this fall.

Seasonally increasing marketings and declining prices are in prospect for hogs, particularly until the middle of October. Prices will continue below a year ago.

Sheep and lamb slaughter have been running well above last year and prices for lambs are down sharply. Substantial recovery is not likely until fall marketing season is passed.

DAIRY PRODUCTS: Milk output has dropped more sharply than usual from the June peak, mainly because of the drought. Milk and butterfat prices are less favorable, compared with feed prices, than in several years.

Outlook for rest of 1954 points to about same production as a year earlier. Total for year is expected to be around 125 billion pounds compared with 121.2 billion in 1953.

POULTRY AND EGGS: Prices of poultry products are generally below a year ago. Production of eggs, at a record level in July, will continue well above a year earlier through the fall. Volume marketings of heavy turkeys from the record or near record 1954 crop have started at prices considerably below last year.

Farm chickens sold this summer have been bringing farmers the lowest prices since 1942. Broiler prices have firmed in recent weeks but are still below last year.

FEEDS: The July drought cut the prospective feed concentrate supply from 191 million tons on July 1 down to 175 million on August 1. The supply as now estimated is 4 million tons above last year and 10 million above the 1947-51 average. Because of the increase in the number of animals to be fed, however, supplies per animal unit are about the same as last year and average.

VEGETABLES: Prospects August 1 indicated the summer crop of vegetables will be down 3% from last year. Smaller crops of snap beans, cabbage, sweet corn, tomatoes, lima beans, cauliflower and honeydew melons more than offset increases for cantaloups, carrots, celery, green peppers, lettuce and watermelons.

Smaller production probably will keep potato prices well above a year earlier during the rest of 1954. The late crop which provides the bulk of the year's output is down 5%; the intermediate crop is off 18%.

This year's sweetpotato crop is down 9% from last year's and is the third smallest since 1881. Prices are expected to average at least as high as for the 1953 crop.

COTTON: Production of 12.7 million bales was indicated August 1, 23% less than in 1953. Acreage is a fifth below last year. Yields per acre are above last year in all areas except the Southwest (Texas and Oklahoma) where they are down 11%.

TOBACCO: Demand for flue-cured tobacco is continuing strong and this year's crop is expected to be up 5% from 1953. Sales in type 14 and type 13 auctions through mid-August averaged 49 and 51 cents compared with 51 and 53 a year earlier.

FATS AND OILS: Prices for cottonseed and soybeans are expected to average above support levels this season; peanut prices about at support. Yield for soybeans per acre is lowest since 1947 but acreage planted was largest in history. A record crop was in prospect August 1. Output of cottonseed is likely to be down nearly a fourth from last year and the peanut crop in prospect is lowest since 1939.

WHEAT: Supplies for 1954-55 add up to a record 1,884 million bushels--the crop of 978 million as estimated August 1, the carryover of 903 million and imports of perhaps 3 million. The total is likely to exceed use by around 100 million bushels, leaving about a billion bushels in the carryover next July 1.

Wheat farmers approved marketing quotas for the 1955 crop in July. The national acreage allotment is expected to be 55 million, 7 million less than this year's allotment.

WOOL: U. S. mills gradually increased consumption of apparel wool in the early months of this year. Inventories of wool products in manufacturing and distribution channels are now down to better working levels in relation to sales than late last year.

U. S. wool production is likely to be about the same as in 1953 while world output is estimated to be up slightly. Prices to U. S. growers, slightly above a year earlier in July, have been above the support level so far this season.